Note by the Secretariat on the Meeting of 12 October 1972

1. The Working Group met on 12 October 1972, under the Chairmanship of Mr. E. Kekomäki (Finland). In accordance with the instructions of the Group, the secretariat had drafted a background note - document COM.IND/W/79/Add.1 - indicating what had been done and what was being done on import documentation in GATT, as well as in other organizations.

Import documentation

2. It was recalled that there had been considerable support in the Working Group for a proposal to set up an expert group in GATT to draw up lists of common requirements for a standard customs invoice and for an all-purpose entry document (COM.IND/W/47). However some members of the Working Group had proposed that the Customs Co-operation Council should take over the work of drawing up such lists. As indicated in document Spec(72)78 the Working Group had decided that before taking any decision as to what type of work should be undertaken by GATT, it would discuss what had been done, what was being done and what it would be realistic to do in GATT and elsewhere in the field of import documentation.

3. The representative of the Customs Co-operation Council said that the Permanent Technical Committee had met in October 1972 and had adopted a recommendation on the establishment of a standard form of certificate of origin which would be submitted by postal ballot to the Council for approval. The Permanent Technical Committee had determined the particulars required by the customs for formalities on the importation of goods. Of the sixty-two items contained in the list of these particulars, twenty-three were required by almost all customs administrations and thirty-nine were required by a limited number of customs administrations or were only included in certain goods declaration (inwards) forms. At a later stage the Committee would determine the requirements for the establishment of a standard form for the goods declarations (inwards). At the same time, the Permanent Technical Committee had continued the preparation of the International Convention for the Simplification and Harmonization of Customs Procedures, which might be submitted for the approval of the Council in May 1973.
4. The Inter-Regional Adviser on Trade Documentation of UNCTAD indicated that his organization recognized the ECE as being the appropriate body to conduct international work on facilitation of trade by simplifying documents and procedures. UNCTAD had restricted itself to providing advisory services in the field to those countries requesting assistance.

5. The representative of the Economic Commission for Europe drew the attention of the Group to the information given in document COM.IND/W/79/Add.1, Section III, on the activities of the ECE in the field of import documentation. The ECE Working Party on Facilitation of International Trade Procedures had assumed a co-ordinating rôle in the work of facilitating all trade procedures, with particular emphasis on alignment of documents, the development of codes, and ADP applications, and this had been recognized by other international organizations and by governments. The co-operation between the Economic Commission for Europe and the Customs Co-operation Council could serve as an example; similar links had been established with several other bodies. The import documentation projects under consideration by Working Group 2 were covered by the terms of reference of the ECE Working Party; a proposal by some governments on a standardized combined invoice for commercial and administrative purposes (statistics, quality control, etc.) would be dealt with at a forthcoming meeting of its Group of Experts on Data Requirements and Documentation, and its preparation might take from one to two years. For the preparation of this meeting twenty-five internationally exchanged documents compromising some 150 different items, had been examined. Of the total number of items contained in those documents, only ten were virtually identical and there were about one hundred exotic items appearing in only one document. Consequently, the first step of their work would be to make an inventory of the import documentation requirements. The second step would be to carry out a critical review of the data being requested, in order to determine which were essential for trade operations and which might have a non-tariff barrier effect. To this end, the participants in trade operations would be listed and documentary functions and data contents determined. Standard forms of presentation of the basic data, including ADP codes where possible, would then be prepared. GATT collaboration in this work would be most welcome and could take various forms, from the minimum of participation in the ECE work to the undertaking of specific projects. It was possible that the GATT contribution would be most valuable at a later date, when the technical ECE work would have reached a more advanced stage.

6. Some members of the Working Group stressed that there was no justification for such a large number of particulars demanded by customs administrations. They supported the attempt by the CCC to determine which were the indispensable requirements. All unreasonable or unnecessary demands for information and those demands constituting an obstacle to trade should be eliminated, especially those leading to the disclosure of trade secrets and those exposing the importer or the exporter to anti-dumping or countervailing duty procedures. In this connexion, one member of the Working Group pointed out that some of the requirements contained in Items 7, 11 and 14 of Annex D to document COM.IND/W/79 could create difficulties.
7. Members of the Working Group considered that the introduction of ADP systems would have a significant impact on import documentation requirements. International ADP networks for the interchange of import and export data might appear before the end of this decade. The elaboration of lists of common requirements for certain import documents by the CCC and the ECE would appear to be a useful exercise, and it was advisable that the technical work of preparing an all-purpose entry document be left to the CCC; the technical preparation of a standard invoice could be dealt with by the ECE. These documents should be aligned to the ECE lay-out key, and the data requirements should be restricted to the absolute minimum. These two organizations would be expected to provide the Working Group with a progress report.

8. One member of the Working Group indicated that the matters dealt with on page 19 of document COM.IND/W/79 (i.e., the abolition of customs and consular invoices, the requirement of certificates of origin only when strictly indispensable, and the harmonization - if not the abolition - of special declarations in commercial invoices) might still have to be considered by the Group at a later stage. Furthermore, the whole question of customs invoices might become obsolete as a result of new agreements on customs valuations.

9. The representative of the United States indicated that notification 148 - certification of origin required where Chinese, North Korean and North Vietnamese goods may be involved - made by the EEC, Hong Kong and Japan, should be deleted from Part 2 of the NTB Inventory, as the United States had abolished that requirement.

Conclusions

10. The Group reaffirmed the desirability of the simplification and harmonization of import documentation. In order to avoid duplication with the work conducted by the CCC and the ECE it was agreed that the technical work of compiling data and preparing draft standard forms of an all-purpose entry document and of an invoice be done by those organizations. In the view of the Group the preparation of the said forms should have high priority. The Group urged that the number of items incorporated in the forms be restricted to the absolute minimum and that a progress report on the action by the CCC and the ECE should be made prior to the next meeting of the Group. Those members of the Group that participated in the CCC and the ECE were asked to take active part in the work that would be conducted by those organizations. The Group decided that it should, in due course, continue its work on import documentation and prepare the necessary ad referendum solutions on the basis of the work being undertaken by the CCC and the ECE, without excluding the possibility that their proposals might in themselves constitute adequate ad referendum solutions.

Consular formalities

11. The Working Group discussed the question of consular formalities, basing itself on the information supplied by Turkey, Argentina and Italy, as contained in documents Spec(72)106, Spec(72)107 and Spec(72)109, respectively. The
information received from Brazil, Chile and Romania was circulated after the meeting of the Group, in document Spec(72)117.

12. The representative of Brazil in addition to referring to the information contained in Spec(72)117, pointed out that the Code of Standard Practices for Documentery Requirements for the Importation of Goods, reproduced in Annex B to document COM.IND/W/79, admitted commercial invoices accompanied, where necessary, by a packing list.

13. The representative of Turkey indicated that Turkish legislation required that certificates of origin be legalized by a Turkish Consulate. A law recently approved by Parliament, scheduled to enter into effect in February 1973, authorized the Government to change the existing procedures on certificates of origin. After some changes introduced in 1964, the current requirements were restricted to a visa for statistical purposes, which was given automatically and which did not constitute an obstacle to trade.

14. The representative of Argentina referred to the information contained in document Spec(72)107. Argentina had made a significant reduction of consular formalities such as consular invoices, legalized certificates of origin, etc. The certification of commercial invoices was the only formality required for the export of goods to Argentina and it did not constitute a real obstacle to trade, as it could be obtained within twenty-four hours at any Argentinian Consulate, either personally or by post. This requirement was applied without discrimination to all products.

15. The representative of Portugal referred to information given previously on the situation in Portugal (documents 1/3408, 1/3089/Add.1, and 1/2855/Add.3). Pursuant to the Agreement between the EEC and Portugal, the requirement for a certificate of origin issued by a Portuguese Consulate had been eliminated for those goods coming from the EEC, and substituted by the EEC Certificate of Origin.

16. The Working Group, after welcoming the simplification accomplished by several countries in respect of consular formalities, examined the draft interpretative note to Article VIII of the General Agreement, prepared by the United States and contained in document Spec(72)104.

17. Many members of the Working Group recognized that consular formalities, as other import documentation notifications, were not necessarily in violation of Article VIII of the General Agreement, but stressed that on several occasions the CONTRACTING PARTIES had decided upon their abolition. The maintenance of consular formalities was justified only in special cases, such as those specified in Articles XX and XXI of the GATT. The recommendations made by the CONTRACTING PARTIES in 1952, 1957 and 1962 had been moderately successful. The abolition of consular formalities by Brazil in 1970 had demonstrated that these formalities could be abolished.
18. Some members of the Working Party indicated that the proposal to adopt the interpretative note to Article VIII of the General Agreement was made in the context of the future trade negotiations. Those countries that eliminated them pursuant to the proposal would get credit in the future negotiations. The date for the abolition of consular formalities would also be a matter to be settled by the negotiations and, taking into account special situations in different countries, could vary. A possible date might be 1 January 1975 or, in any event, not later than the beginning of the implementation of concessions that might result from the forthcoming negotiations. The sooner a country eliminated consular formalities the more credit it would receive.

Conclusions

19. Members of the Group noted the statements by Argentina, Brazil, Italy, Portugal and Turkey, and urged that all remaining consular formalities be abolished. Several members of the Group supported the proposal to adopt the interpretative note to Article VIII of the General Agreement, contained in the Annex to this document, and to give credit - in the context of the future multilateral trade negotiations - to those countries which abolished consular formalities. A possible date for the abolition of consular formalities might be 1 January 1975, or no later than the beginning of the implementation of the concessions that might result from the forthcoming negotiations. The representative of the countries still maintaining consular formalities, supported by other delegations, requested time to reflect upon these proposals, while stating that consular formalities did not constitute a violation of Article VIII of the General Agreement and were, in any case, only a minor obstacle to trade.

20. The Working Group decided to annex the proposal contained in document Spec(72)104 to the note on the meeting to be prepared by the secretariat, and to revert to this matter at its next meeting.
ANNEX

Draft Interpretative Note to Article VIII of the General Agreement

ad. Article VIII

Consistent with paragraph one and the recommendations of the CONTRACTING PARTIES on consular formalities of 1952, 1957 and 1962, consular formalities, such as requirements for presentation of commercial documents to consular officers and fees associated therewith, are to be abolished no later than ________ except where necessary to administer measures applied under Articles XX and XXI.